Please enter the following amendment, wherein underlining indicates additions and strikethrough indicates deletions, to paragraph 0029 on page 8 of the specification:

[0029]   At step 412, a macroblock is selected from the selected frame for processing. At step 414, a spatial activity value is determined for the selected macroblock. In one embodiment, the spatial activity for the selected macroblock (as well as for the average spatial activity computed in step 410) may be defined with respect to the quantization level of the input bitstream associated with the macroblock. In another embodiment, the spatial activity for the selected macroblock (as well as for the average spatial activity computed in step 410) may be defined with respect to the DCT coefficients associated with the macroblock, as described below with respect to FIG. 6. At step 416, a normalized spatial activity value is determined for the selected macroblock based on the average spatial activity value for the selected frame, the spatial activity value for the selected ~~macrobock~~ macroblock, and a function of the adjustment factor. One embodiment of a function for computing the normalized spatial activity value is described below.